Sunset Public Hearing Questions for South Central Tennessee Railroad Authority

Created by Section 64-2-201, *Tennessee Code Annotated* (Sunset Termination June 2020)

1. Provide a brief introduction to the rail service authority, including information about the authority's purpose, statutory duties, and general organization.

Most of the Short line railroads in Tennessee are former Class 1 Railroad branch lines that were sold off because the Class 1's believed that they could not operate over the lines and make a profit. The Class 1's deferred maintenance on the track, roadbed, bridges, culverts, turnouts, grade crossings and other railroad infrastructure in Tennessee from the 1940's through the 1980's, creating unsafe operating conditions throughout the state. After the passing of the Staggers Act in the early 1980's, the Class 1 Railroad ceased railroad operations, divested themselves of their unprofitable branch lines, or leased portions of their tracks to short line operators. In 1990, most of the track and bridges were not suitable for modern railroad freight car loading, and were in a state of disrepair.

To preserve the economic benefit derived by the short-line railroads, the State of Tennessee created the Short-line Railroad Authorities to preserve and maintain the State's railroad infrastructure. The Short-line Railroad Authorities are comprised of representatives from the local municipalities served by the line. Each Short-Line Railroad authority is governed by a Board of Directors.

2. For the South Central Tennessee Railroad Authority, please provide information on the counties/cities involved, the railroad's operator, the miles of rail operated, and the types of commodities hauled. Include information for the last three fiscal years.

Members of South Central are Counties of Dickson, Hickman, Lewis, Perry and Wayne, and Cities of Dickson, Centerville, Hohenwald, Linden and Waynesboro. Our operator is South Central Tennessee Railroad LLC., headquartered in Centerville. Our line is 50 miles long and runs from its intersection with the Class I railroad, CSX, in Dickson, then through Hickman County to Hohenwald. Our railroad operator ships LP Gas, frozen potatoes, steel wire, rosin solution, wood pulp, newsprint, auto parts, clay and plastic rosin. Our principal shippers are Bordeau Metal, Martin Brower, Sun Chemical, Amerigas, Shiloh, Sumiden Wire, Wabash Alloys and Quercus Forest Products.

3. Describe in general the membership of the authorities' boards of directors. How are board members appointed? What are the requirements for board meetings?

The board of directors governs the Short-Line Rail Authority. Board members are representatives of counties and municipalities that are serviced by the short-line railroad, usually including the County Mayors and City Mayors. Local population censuses may dictate the number of members who serve on the board of directors. Each county and city has the opportunity to select one member from outside the local government, such as a representative from among the freight movers or shippers. Most authorities conduct quarterly board meetings. South Central has 20 board members. Each mayor of the local governmental members are on the board by virtue of office and each government appoints an additional member.

4. Please describe the Tennessee Department of Transportation's involvement with the South Central Tennessee Railroad Authority.

Public rail authorities are the only recipients deemed eligible to apply for and receive annual rehabilitation funds. TDOT expects public rail authorities to be actively involved in the management and administration of the rail and bridge funds. TDOT provides contracts and aids the authority with numerous phases of the bidding process and contract management. TDOT also provides valuable information regarding changes to laws and projections of revenues coming into the state so that project planning can be accomplished.

5. If funds were received from the Tennessee Department of Transportation, please detail both the source and the amount of the funding provided during the last three fiscal years. For what purposes were those funds used?

The South Central Tennessee Railroad Authority has not received any funds since 2013.

6. Does the Department of Transportation require the authority to provide matching funds? If yes, please provide additional information.

Short-Line Railroad Authorities must provide a 10% match of funds to receive a grant from the Department of Transportation. In the past years an in-kind match was acceptable to TDOT, but the policy has changed.

7. Please explain the relationship between the rail service authority and the rail line operators. Who owns the rails under the authority's jurisdiction? Who performs the rail line rehabilitation work funded by the Tennessee Department of Transportation?

South Central Tennessee Railroad Authority owns its line and leases the tracks, bridges and right-of-way to the operator. All projects are governed by three party contracts entered into by the State of Tennessee, the Authority and the contractor awarded the contract after making the lowest and best bid. Except in rare cases in which the operator is

the successful bidder contracting for the job and doing the work itself, the operator is not a party to the contract.

Railroad track and bridge rehabilitation that is funded by the Tennessee Department of Transportation through the Authorities is performed by contractors selected by the Authorities through a rigid public bid process. Contractor selection must conform to Authority and departmental public bid procedures and guidelines and is monitored by the Authority Engineer, and by department staff through onsite reviews and reporting requirements. TDOT also requires that the Authority's attorney approve each contract.

8. Describe the Tennessee Department of Transportation's oversight of the rail service authority and rail line operators. How does the department ensure that state dollars were spent on allowable items, that the rehabilitation work performed was of acceptable quality, and that reasonable prices were paid for labor and materials?

The Department of Transportation provides each Authority with funding for engineering and administration purposes. The Authority hires a qualified, licensed, railway engineering firm. The Engineer performs track and bridge inspections to verify the priority work to be performed each fiscal year, and prepares plans, specifications, and other bidding documents. Contractor selection is subject to TDOT requirements and the Authority's approved public bid process. TDOT requires that documentation be submitted verifying that work was properly completed and inspected prior to making payment. The work and verification must be completed by the Authority Engineer.

9. Who is responsible for tracking statistics for numbers and types of accidents on the short-line railroad? If available, please provide relevant information for the last three fiscal years.

The Department of Transportation regulates their condition and operations through the Office of Rail Safety by conducting periodic rail crossing, track and bridge inspections Federal Rail Administration and TDOT are responsible for documenting these incidents.

10. What reports does the authority prepare concerning their activities, operations, and accomplishments? Who receives copies of these reports? Please provide a link to any such reports issued in the last three fiscal years

Each Authority is required to provide the Department of Transportation with an 1) annual audit report which must be prepared by a certified public accountant according to generally accepted accounting practices; 2) an annual report prepared and submitted by the operators and 3) a report on the results of annual bridge inspections.

11. Please describe any items related to the authority that require legislative attention and your proposed legislative changes.

Tennessee Equity Funds should be used exclusive to their stated purpose which is the rehabilitation of Tennessee short line railroads. Due to the restructuring of the revenue process for the Transportation Equity Trust Fund allocations have been reduced.

12. Should the State of Tennessee continue to fund rehabilitation work on short-line railroads? Even in cases where the rail lines are owned by private operators? If yes, please explain why.

Yes, in fact an increase in funding of rehabilitation efforts should be considered. The rail system is aged and facing a re-emergence of demand based on the information shared above. An increase in the need for freight transportation brings with it the need to increases in the load bearing capabilities of track and bridges as well as increased tunnel and pass-through heights. Tennessee would be wise to aid the short-lines in preparing for this inevitable reality.

13. Should the South Central Tennessee Railroad Authority be continued? To what extent and in what ways would the absence of the authorities affect the public health, safety, or welfare of the citizens of Tennessee?

Yes, the Short-Line Railroad Authorities provide an essential transportation mode for bulky and hazardous materials, competition between transportation modes, reduced truck traffic on state highways, and economic, environmental, quality of life, and safety benefits to the state. Most short lines serve some rural areas, providing opportunities for industrial development and job creation and maintenance.

At the request of the Chairman of the House Government Operations Committee, all agencies that provide responses to questions as part of the Q&A process should also provide the following information:

14. Identification of the appropriate agency representative or representatives possessing substantial knowledge and understanding of the responses provided to the sunset review questions.

Landis Turner, Chairman, South Central Tennessee Railroad Authority Dickson County Mayor Bob Rial, Chairman, TN Short Lines Railroad Alliance, South Central Railroad Tennessee Authority

15. Identification of the appropriate agency representative or representatives who will respond to the questions at the scheduled sunset hearing.

Mayor Bob Rial

Mr. Landis Turner

16. Office address, telephone number, and email address of the agency representative or representatives who will respond to the questions at the scheduled sunset hearing.

Mayor Bob Rial: 4 Court Square, Charlotte, TN 37036; (615) 789-7000; bobrial@dicksoncountytn.gov

Mr. Landis Turner: [home address redacted by Office of the Comptroller]; (931) 797-5317; tba188@bellsouth.net